Chess-in-the-Schools, Inc.

Audited Financial Statements

June 30, 2025

Chess-in-the-Schools, Inc.

Audited Financial Statements

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Chess-in-the-Schools, Inc.

Statement of Financial Position

As of June 30, 2025
(With comparative totals as of June 30, 2024)

	June 30, 2025	June 30, 2024
ASSETS		
Cash and cash equivalents	$ 131,881	$ 379,777
Program fees receivable	199,613	186,074
Government grants receivable	1,043,318	867,883
Pledges receivable	-	75,000
Inventory	16,891	21,482
Prepaid expenses	2,749	3,175
Investments	17,515,191	16,585,640
Property and equipment, net	22,371	29,247
Operating lease right-of-use ("ROU") asset	598,573	811,184
TOTAL ASSETS	**$ 19,530,587**	**$ 18,959,462**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 56,092	$ 62,034
Operating lease liability	621,354	831,984
Total liabilities	677,446	894,018
NET ASSETS		
Without donor restrictions:		
Operations	8,853,141	7,955,074
Board designated	10,000,000	10,000,000
Total without donor restrictions	18,853,141	17,955,074
With donor restrictions	-	110,370
Total net assets	18,853,141	18,065,444
TOTAL LIABILITIES AND NET ASSETS	**$ 19,530,587**	**$ 18,959,462**

The attached notes and auditor's report are an integral part of these financial statements.

Chess-in-the-Schools, Inc.

Statement of Activities

For the Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/25	Total 6/30/24
PUBLIC SUPPORT AND REVENUE				
Contributions	$ 960,053	$ -	$ 960,053	$ 1,003,546
Government grants	803,145	-	803,145	1,194,150
Program fee revenue	238,718	-	238,718	225,852
Reserve funds appropriated by the governing board for operations	800,000	-	800,000	750,000
Net assets released from restriction	110,370	(110,370)	-	-
Total public support and revenue	2,912,286	(110,370)	2,801,916	3,173,548
EXPENSES				
Program services	2,455,456	-	2,455,456	2,307,410
Supporting services:				
Management and general	264,684	-	264,684	327,742
Fundraising	243,081	-	243,081	211,590
Total supporting services	507,765	-	507,765	539,332
Total expenses	2,963,221	-	2,963,221	2,846,742
Change in net assets from operations	(50,935)	(110,370)	(161,305)	326,806
NON-OPERATING ACTIVITIES				
Interest and dividend income	409,622	-	409,622	435,286
Net realized gain from investments	450,334	-	450,334	300,575
Net unrealized gain from investments	889,046	-	889,046	1,622,984
Reserve funds appropriated by the governing board for operations	(800,000)	-	(800,000)	(750,000)
Total non-operating activities	949,002	-	949,002	1,608,845
Change in net assets	**898,067**	**(110,370)**	**787,697**	**1,935,651**
NET ASSETS, ***beginning of year***	17,955,074	110,370	18,065,444	16,129,793
NET ASSETS, ***end of year***	**$ 18,853,141**	**$ -**	**$ 18,853,141**	**$ 18,065,444**

The attached notes and auditor's report are an integral part of these financial statements.

Chess-in-the-Schools, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	Program Services					**Supporting Services**				
	School Programs	**College Bound Program**	**Tournament Program**	**Teacher Training Institute**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses 6/30/25**	**Total Expenses 6/30/24**
Salaries	$ 845,067	$ 219,493	$ 301,891	$ 10,332	$ 1,376,783	$ 78,939	$ 88,462	$ 167,401	$ 1,544,184	$ 1,529,223
Payroll taxes and employee benefits	280,003	72,731	100,034	3,423	456,191	26,157	29,170	55,327	511,518	420,893
Awards and trophies	594	-	14,448	-	15,042	-	148	148	15,190	57,753
Program materials	3,398	11,635	27,747	-	42,780	-	-	-	42,780	43,513
Office expenses	6,157	1,603	3,621	31	11,412	4,363	12,367	16,730	28,142	95,033
Telephone	20,516	5,110	4,075	125	29,826	1,435	7,074	8,509	38,335	8,722
Insurance	12,072	9,340	6,320	259	27,991	2,291	1,732	4,023	32,014	31,288
Consultants	3,104	11,086	4,433	222	18,845	2,217	9,359	11,576	30,421	95,950
Professional fees	39,074	7,678	10,810	361	57,923	48,492	11,179	59,671	117,594	53,340
Travel and meals	202	40,520	6,850	-	47,572	2,785	1,822	4,607	52,179	89,456
Depreciation	1,615	5,769	2,308	115	9,807	1,153	577	1,730	11,537	12,357
Other expenses	91,152	22,712	314	-	114,178	5,622	7,515	13,137	127,315	48,033
Occupancy	32,471	115,969	46,389	2,319	197,148	25,175	11,597	36,772	233,920	234,436
Annuity and								-	-	
pension expense	-	-	-	-	-	62,554	-	62,554	62,554	62,554
Repairs and								-	-	
maintenance	3,481	13,345	14,144	249	31,219	2486	2,344	4,830	36,049	23,193
Utilities	1,420	5,072	2,029	101	8,622	1,015	507	1,522	10,144	8,348
Meetings and events	1,802	826	7,489	-	10,117	-	59,228	59,228	69,345	32,650
Total expenses for statement of activities	**$ 1,342,128**	**$ 542,889**	**$ 552,902**	**$ 17,537**	**$ 2,455,456**	**$ 264,684**	**$ 243,081**	**$ 507,765**	**$ 2,963,221**	**$ 2,846,742**

The attached notes and auditor's report are an integral part of these financial statements.

Chess-in-the-Schools, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	June 30, 2025	June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 787,697	$ 1,935,651
Adjustments to reconcile change in net assets		
to net cash (used for)/provided by operating activities:		
Depreciation	11,537	12,357
Change in operating lease right-of-use asset and liability	1,981	7,640
Realized gain on sale of investments	(450,334)	(300,575)
Unrealized gain on sale of investments	(889,046)	(1,622,984)
Changes in assets and liabilities:		
Program fees receivable	(13,539)	(51,512)
Government grants receivable	(175,435)	159,926
Pledges receivable	75,000	146,370
Inventory	4,591	6,873
Prepaid expenses	426	1,419
Accounts payable and accrued expenses	(5,942)	11,884
Net cash (used for)/provided by operating activities	(653,064)	307,049
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	3,611,911	5,070,661
Purchases of investments	(3,202,082)	(5,236,154)
Purchase of property and equipment	(4,661)	(4,035)
Net cash provided by/(used for) investing activities	405,168	(169,528)
Net (decrease)/increase in cash and cash equivalents	**(247,896)**	**137,521**
CASH and CASH EQUIVALENTS, *beginning of year*	379,777	242,256
CASH and CASH EQUIVALENTS, *end of year*	**$ 131,881**	**$ 379,777**
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	**$ -**	**$ 27,425**
Interest paid	**$ -**	**$ -**

The attached notes and auditor’s report are an integral part of these financial statements.

Note 1 - Organization

Chess-in-the-Schools, Inc. ("CIS") fosters the intellectual and social development of low-income youth through chess education. CIS' primary sources of revenue are contributions and program income. CIS accomplishes its mission through the following programs:

- School Programs - CIS teaches chess in approximately 50 elementary and middle schools annually in New York City public schools. The schools participating in the program are primarily schools that receive Title I Funding. Each school participating in the School Program is assigned a CIS trained instructor. In each participating school, the School Program generally has two components: classroom instruction and an after-school chess club.

- College Bound Program - For low-income high school students, College Bound provides college readiness, career exploration, and advanced chess learning. Students also have the opportunity to participate in community service projects, go on cultural excursions, and work at CIS' tournaments as Assistant Tournament Directors. CIS provides test prep, college application advising, college and career fairs, as well as college visits.

- Tournament Program - The Scholastic Tournament Program offers free competitive chess tournaments in New York City. Tournaments normally are hosted primarily in public schools, and many are open to all New York City students. Tournament participation ranges from approximately 400-700 students.

- Teacher Training Institute - The Teacher Training Institute ("TTI") is a program to teach New York City public school educators to implement a chess program at their school. Teachers receive a free, one-day workshop including training, and additional digital resources.

CIS was incorporated in the State of New York and has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and similar statutes in New York. They are an organization which has not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting and Presentation

The financial statements of CIS have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

CIS reports information regarding its financial position and activities according to the following classes of net assets:

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") *958 - Presentation of Financial Statements of Not-For-Profit Entities.* FASB ASC 958 requires CIS to report information regarding its financial position and activities according to the following specific classes of net assets:

Note 2 - Summary of Significant Accounting Policies – Continued

a. Basis of Accounting and Presentation - Continued

- *Net Assets without Donor Restrictions* - accounts for activity without donor-imposed restrictions. The Board of Directors of CIS has established a board designated reserve fund to ensure long-term stability of the mission, programs, and ongoing operations of CIS. The reserve is held in CIS' investments and intended to provide an internal source of funds for situations such as a sudden, unexpected increase in expenses, unanticipated loss in funding, or uninsured losses. The board of directors is required to approve any requests for the use of the funds.

Activity of the board designated fund was as follows:

	June 30, 2025	June 30, 2024
Balance, beginning of year	$ 10,000,000	$ 10,000,000
Appropriations	(800,000)	(750,000)
Transfer in	800,000	750,000
Balance, end of year	$ 10,000,000	$ 10,000,000

- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

b. Revenue Recognition

CIS follows the requirements of FASB ASC 958-605 for recording contributions, which are recorded when a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

CIS evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for CIS to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as a liability.

Contributions are recognized at net realizable value if expected to be received within one year, or at fair value using risk-adjusted present value techniques if expected to be received in more than one year.

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition - Continued

CIS follows FASB ASC 606 for recognizing revenue from contracts with customers. CIS receives program income for providing its chess education program in schools which falls under FASB ASC 606 and is included in the statement of activities. Revenue from the chess education program is recognized at the point in time that the service is provided. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

CIS follows the requirements of the FASB's Accounting Standards Update ("ASU") 2016-13 Financial Instruments – Credit Losses ("Topic 326"). Financial assets, which potentially subjects CIS to credit losses related to the program fee receivables reflected on the statement of financial position. Expected credit losses on program fee receivables are estimated based on historical credit loss experience, aging analysis and management's assessment of current conditions and reasonable execution of future conditions. Based on that evaluation, management has determined that no allowance for credit losses is warranted.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CIS' ongoing services, which includes the transfer from the board designated fund to support current operating activities. Non-operating activities are limited to resources that generate return from investments, as well as the transfer of board designated funds to use for operations.

e. Cash and Cash Equivalents

CIS considers liquid investments that have an initial maturity of three months or less to be cash and cash equivalents. However, amounts held by the investment custodian for long-term purposes are included with investments.

f. Concentration of Credit Risk

Financial instruments that potentially subject CIS to a concentration of credit risk consist of cash, money market accounts, and investment securities, which are placed with financial institutions that management deems to be creditworthy. Investments are subject to market fluctuations and principal is not guaranteed. At various times during the year, CIS had material uninsured balances. CIS has not experienced any losses due to the failure of any of these institutions.

g. Investments

Investments with readily available market prices are reflected at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities as non-operating activities.

Note 2 - Summary of Significant Accounting Policies - Continued

h. Property and Equipment

Equipment and furniture that exceed $1,000 and that have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Computers and equipment	*5 to 10 years*
Furniture and fixtures	*7 years*

i. Leases

CIS determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. CIS does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that CIS will exercise that option.

j. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CIS.

Salaries are allocated based on time and effort. Payroll taxes, employee benefits, and insurance are allocated based on salary allocations.

The following costs are allocated based on square footage usage of the rented office space:

- Office expenses
- Telephone
- Depreciation
- Occupancy
- Repairs and maintenance
- Utilities

All other expenses have been charged directly to the applicable program or supporting services.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies – Continued

l. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CIS' financial statements for the year ended June 30, 2024, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

CIS does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2022 and later are subject to examination by applicable taxing authorities.

Note 3 - Investments and Fair Value Measurements

Investments are stated at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CIS has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Note 3 - Investments and Fair Value Measurements - Continued

The following summarizes the composition of investments:

	June 30, 2025		
	Level 1	Other (a)	Total
Money funds	$ 37,754	$ -	$ 37,754
Mutual funds			
Diversified Emerging Markets	1,501,438	-	1,501,438
Large Blend	4,230,700	-	4,230,700
Small Blend	408,893	-	408,893
Real Estate	-	-	-
Foreign Large Blend	389,129	-	389,129
Large Value	4,306,781	-	4,306,781
Health	1,446,026	-	1,446,026
Technology	1,533,556	-	1,533,556
Commodities	-	-	-
Treasury	453,220	-	453,220
Equities			
Large Growth	5,472	-	5,472
Exchange Traded Funds			
Ultrashort Bond	975,472	-	975,472
Large Growth	963,113	-	963,113
Mid Cap Blend	834,049	-	834,049
Large Blend	11,853	-	11,853
Private investments	-	417,735	417,735
Total	$ 17,097,456	$ 417,735	$ 17,515,191

	June 30, 2024		
	Level 1	Other (a)	Total
Money funds	$ 124,588	$ -	$ 124,588
Mutual funds			
Diversified emerging markets	1,298,723	-	1,298,723
Large blend	3,675,131	-	3,675,131
Small blend	890,513	-	890,513
Foreign large blend	326,304	-	326,304
Large value	3,777,688	-	3,777,688
Health	1,636,214	-	1,636,214
Technology	1,326,441	-	1,326,441
Treasury	529,150	-	529,150
Energy	233,382	-	233,382
Ultrashort Bond	1,319,687	-	1,319,687
Large Growth	832,693	-	832,693
Private investments	-	615,126	615,126
Total	$ 15,970,514	$ 615,126	$ 16,585,640

Note 3 - Investments and Fair Value Measurements - Continued

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

(a) The valuation of certain private investments and hedge funds as of June 30, 2025 and 2024, are reported at fair value utilizing the net asset values provided by fund managers. Other private investments are valued using outside appraisals conducted by third party appraisers. Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 4 - Property and Equipment

Property and equipment assets consist of:

	June 30,	
	2025	2024
Computers and equipment	$ 340,461	$ 336,900
Furniture and fixtures	164,012	164,012
Leasehold improvements	5,135	4,035
	509,608	504,947
Less: accumulated depreciation	(487,237)	(475,700)
Total property and equipment, net	$ 22,371	$ 29,247

Note 5 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability

CIS leases office space in New York, NY under a non-cancelable lease, which expires on March 31, 2028 and has been determined to be an operating lease. The lease term does not include any extension options.

The ROU asset represents CIS' right to use the underlying asset for the lease term, and the lease liabilities represent CIS' obligation to make lease payments arising from this lease. The ROU asset and lease liability were calculated based on the present value of future lease payments over the lease terms. As of June 30, 2025 and 2024, the weighted-average remaining lease term for CIS' operating leases was 2.67 years and 3.67 years, respectively. CIS has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2025 and 2024 was 2.9%.

For the years ended June 30, 2025 and 2024, total operating lease cost was $233,985. Cash paid for operating leases for the years ended June 30, 2025 and 2024 was $232,004 and $226,346, respectively. There were no noncash investing and financing transactions related to leasing.

Note 5 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability - Continued

Future required minimum lease payments under this lease are as follows:

Year ending:	
June 30, 2026	$ 237,801
June 30, 2027	243,746
June 30, 2028	165,186
Total lease payments	646,733
Less: present value discount	(25,379)
Total lease liability at June 30, 2025	$ 621,354

Note 6 - Net Assets with Donor Restrictions

Net assets were released from donor restrictions for the following purposes:

	June 30,	
	2025	2024
Programs		
College bound/College success program	$ 35,370	$ -
Total program	35,370	-
Time restrictions	75,000	121,000
Total restrictions	$ 110,370	$ 121,000

At year end, net assets were restricted for the following purposes:

	June 30,	
	2025	2024
Programs		
College bound/College success program	$ -	$ 35,370
Total program	-	35,370
Time restrictions	-	75,000
Total restrictions	$ -	$ 110,370

Note 7 - Employee Benefits

CIS sponsors a tax-deferred annuity plan that is qualified under Section 403(b) of the Code. The plan covers all full-time employees, who can make contributions up to the maximum statutory amount. CIS contributed approximately $24,000 and $16,000 to the plan during the years ended June 30, 2025 and June 30, 2024, respectively.

Additionally, in 1991, CIS entered into a deferred compensation agreement with a former executive director. Under the terms of that agreement, CIS pays that individual $62,554 annually, representing 50% of their average salary during the 36 months prior to their retirement. As per the terms of the agreement, the deferred compensation is not funded and is approved each year as part of the annual budget.

Note 8 - Liquidity and Availability of Financial Resources

CIS maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. As part of its liquidity management, CIS operates its programs within a board approved budget and relies on contributions and earned income to fund its operations and program activities.

Financial assets available within one year of the date of the statement of financial position for general expenditures are as follows:

Financial assets at year-end	
Cash and cash equivalents	$ 131,881
Program fees receivable	199,613
Government grants receivable	1,043,318
Investments	17,515,191
Total financial assets	18,890,003
Less amounts not available for general expenditures	
Board designated fund	(10,000,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,890,003

Board designated funds are considered available for general expenditures when board action is taken to use these funds. Annually, the board appropriates a portion of the expected net assets without donor restrictions to the operating budget to supplement public support and revenue to fund current operations, taking into consideration investment market conditions and expectations.

Note 9 - Subsequent Events

Subsequent events have been evaluated through TBD, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.